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FROM	Chief, WOLIME via Chief, EUR			ONLY QUALIFIED DESK CAN JUDGE INDEXING	
SUBJECT	RYBAT/DTDORIC/Operational Status Report on Radio Problem			MICROFILM	
ACTION REQUIRED - REFERENCES					
<p>REFERENCES: A. EGNW-10187 B. DIRECTOR 143411</p> <p style="text-align: right; border: 1px solid black; padding: 5px; display: inline-block;">DOC. MICRO. SER. AUG 2 1971 MICROFILMED</p>					
<p>1. Reference A outlined the significant developments for the period from October 1970 to May 1971 arising from Senator Case's legislative proposal to bring the funding of RFE and RL under Congressional control. The wrapup below reports on developments from 1 May to date.</p> <p style="margin-left: 40px;">a. <u>Senate Action</u></p> <p style="margin-left: 40px;">Senator Case's original bill (S-18) proposed that RFE and RL be brought under the Information and Education Exchange Act of 1948. This proposal was equivalent to transferring RFE and RL to State Department, which all concerned U.S. Government elements found unacceptable. The Interagency Radio Study Group (RSG) prepared a draft proposal for legislative action in lieu of the Case Bill. The Administration supported the RSG proposal to create a non-profit corporation, the American Council for International Communications, Inc., which would administer grants to RFE and RL. Senator Case bought the public corporation concept and introduced the Administration supported proposal in the Senate Foreign Relations Committee on 24 May 1970 as S. 1936.</p> <p style="margin-left: 40px;">While congratulating the Administration for its reaction to Senator Case's January proposal, the Foreign Relations Committee suggested three modifications to the Administration's proposal. These included: 1) possible appointment by Congress</p>					
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of some of the eleven directors; 2) annual authorization of the Council so that the Senate Foreign Relations Committee can review its activity, rather than just annual appropriations; 3) specification that only Radio Liberty and Radio Free Europe can receive grants from the Council unless Congress directs otherwise. Additionally Senator Case asked that the Administration give assurances in executive session that CIA involvement with the Radios would be terminated. The Department of State agreed to these provisions.

Assistant Secretary Hillenbrand testified on behalf of the Administration. The text of his statement was sent to addressees in Reference B. Following Secretary Hillenbrand's testimony, Chairman Fulbright questioned him at length, accusing the Department of State of being arrogant because it was prepared to discuss past CIA funding and control of the Radios only in executive session. It was clear from Senator Fulbright's line of questioning both of Hillenbrand and of a private witness (Paul Bartlett) that the Radios were, in his view, "cold war" vestiges which he felt were incompatible with the President's policy of moving from confrontation to negotiation.

Senator Fulbright also strongly believes that, if the Radios are to be funded by the U.S. Government, the public should not be deceived and led to think that they are being funded by private sources. This is his basic objection to the Administrations proposal for the American Council for International Communications.

Senator Case responded in defense of the Administration proposal he had introduced, arguing that the first thing to do was to have the Radios under public scrutiny and then decide whether or in what manner their operations might continue.

On 8 June, Secretary Hillenbrand provided the Senate Foreign Relations Committee, sitting in executive session, with information which he did not wish to provide in the 24 May public hearing. The classified items passed to the Committee included information on past and future CIA connections with RFE and RL, CIA funding and control of RFE and RL and termination of CIA relationship with RFE and RL.

b. House Action

At the same time that Senator Case introduced his original bill S-18 in January, Congressman Ogden Reid introduced an identical bill in the House of Representatives. After the 24 May Senate Foreign Relations Committee meeting, Congressman Reid introduced H.R. 9330, which is modified version of the S-1936 Bill and which takes into account some of the points raised in the 24 May hearings of the Senate Foreign Relations Committee. Representative Thomas Morgan Chairman of the House Foreign Affairs Committee also introduced the Administration proposal on the American Council (H.R. 9637) on 7 July 1971. The House Foreign Affairs Committee did not initially take any action on the Administration proposal because it

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was misassigned to the District of Columbia Committee. Now that it has been rerouted to the Foreign Affairs Committee, it appears likely that the House Committee will hold a one day hearing on H. R. 9637 sometime before Congress recesses for the summer on 8 August.

c. Funding Authority

The adamant positions taken by the Chairmen of the Senate and House Appropriations Committees, Messrs Ellender and Mahon, that no CIA funding of the Radios would be permitted beyond the end of FY 1971 even for an interim period until the new enabling legislation is passed, clearly threatened the very existence of the Radios beyond 1 July 1971. The respective Chairmen were also unalterably opposed to the surge funding of the Radios for FY 1972. In any case, the Appropriation Chairmen insisted that even interim funding must be overt and that no CIA funds be involved.

With no chance of passage of the Case Bill before 1 July and the Agency without authority to extend funds beyond that date, the future of the Radios seemed exceedingly bleak. On 25 June the Senate Committee on Appropriations provided interim funding through an amendment to a continuing resolution for the continuation of the Radios at the FY 1971 level pursuant to the authority contained in the U.S. Information and Education Exchange Act of 1948. The interim funding was passed with the hope that the pending legislation to provide for open funding of the two Radios would be enacted as soon as possible in order that full funding for FY 1972 could be provided in accord with the provisions of the new legislation. The only legislative authority available to Congress for the purpose of ensuring the continued operation of the Radios was the U.S. Information and Education Exchange Act (Smith-Mundt Act) which is administered primarily by USIA. USIA was to be only a temporary funding channel and was not to be involved in any way in the Radios' operation. USIA reluctantly accepted the role as a temporary funding vehicle for RFE/RL because no other funding option was available and the alternative of RFE/RL expiring was unacceptable. The continuing resolution covers the period 1 July to 6 August. It is assumed that continuing resolutions covering later periods will continue the interim financing of the Radios until such time as the particular bill relating to RFE and RL is either approved or rejected.

d. Latest Developments

On 21 July the Senate Foreign Relations Committee voted down the Administration proposal (S-1936) and instead voted out S-18, the original Senator Case proposal amending the appropriation from the original \$30 million to \$35 million for FY 1972. Senator Fulbright said the interim measure would allow time for studies of the Radios' operations which he has requested from the Government Accounting Office and the Legislative Reference Service of the Library of Congress to be completed.

Senator Fulbright, who voted against both S-1936 and S-18 at the 21 July hearing, told reporters he voted against financing the Radios because he felt their operations duplicate those of VOA. He said the excuse for the Radios' existence had been that they were privately run and could say things for which the U.S. Government did not want to take responsibility.

e. Future Prospects

At this juncture, we can only speculate on the ultimate Congressional action vis-a-vis the Radios. The House Foreign Affairs Committee will probably hold a hearing on the Administration proposal sometime before the summer recess. If the House passes the Administration Bill, and if the Senate passes S-18, a House/Senate Conference Committee will try to reach an acceptable compromise on the two versions of the Bill. A compromise between the Senate Bill and the House Bill would be a difficult task since it would be hard to reconcile the differences between a public corporation approach and a straight Government appropriation included in the State Department budget but somehow the problem will have to be resolved.

2. Headquarters will endeavor to keep the Field apprised of developments.

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